



**City of Sebastopol
FY 2019/20
Year-End Estimated Actual Overview**

May 5, 2020



Potential Impacts on Revenues

Impact from COVID-19 could come in waves over the next six months to a year

Sales Taxes

- Loss of taxable sales
- Shift of sales tax to online retailers

Uncertainty: A 32% decrease in taxable sales for 3.5 months will result in an 21% reduction

Hotel Taxes

- Travel is at standstill
- Potential reduction/discount in room rates

Uncertainty: Can hotels/motels survive? Widespread travel likely to lag containment of the virus (whenever that is)

User Charges

- No revenue with shelter in place

Uncertainty: Development related charges likely to suffer, community needs likely to be high (but with less ability to pay)

Property Taxes

- Limited effect without a recession
- Likely slowed growth for several years

Uncertainty: Slow down in development projects, longer-term property value, short term resales



GENERAL FUND ESTIMATED YEAR-END BUDGET

Description	Item		Amount
General Fund Revised Revenue (Income)	A		8,668,100
General Fund Revised Expenditures	B		(9,605,121)
Projected Shortfall	C	A minus B	(937,021)
<i>Plus General Fund One-Time Income</i>	D		1,657,000
Total - GF Addition to Reserve	E	Net of C+D	719,979
General Fund Transfer out *	F		(1,654,000)
<i>* Retirement Fund, Capital Projects, Flood Exp Reimb</i>			
Projected Use of Reserves (Shortfall) **	G	Net of E&F	(934,021)

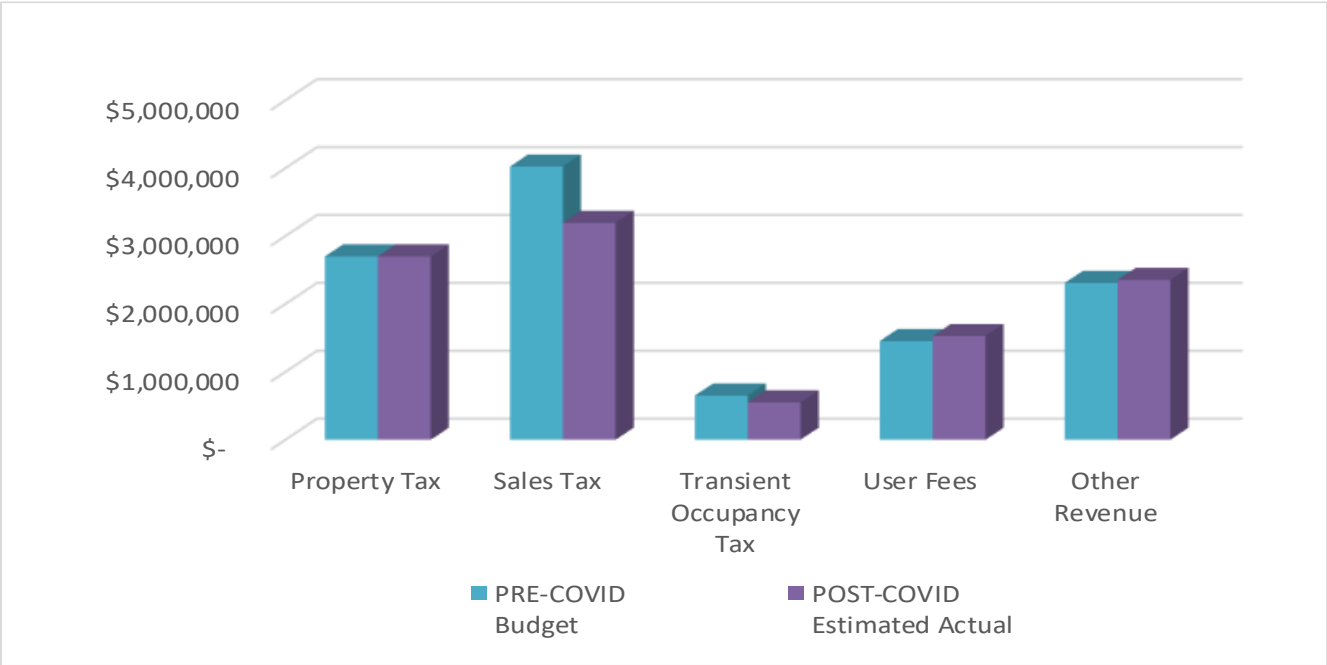
\$10,325,100

****This \$0.92M figure represents the proposed use of the City's unassigned reserves for FY19-20**

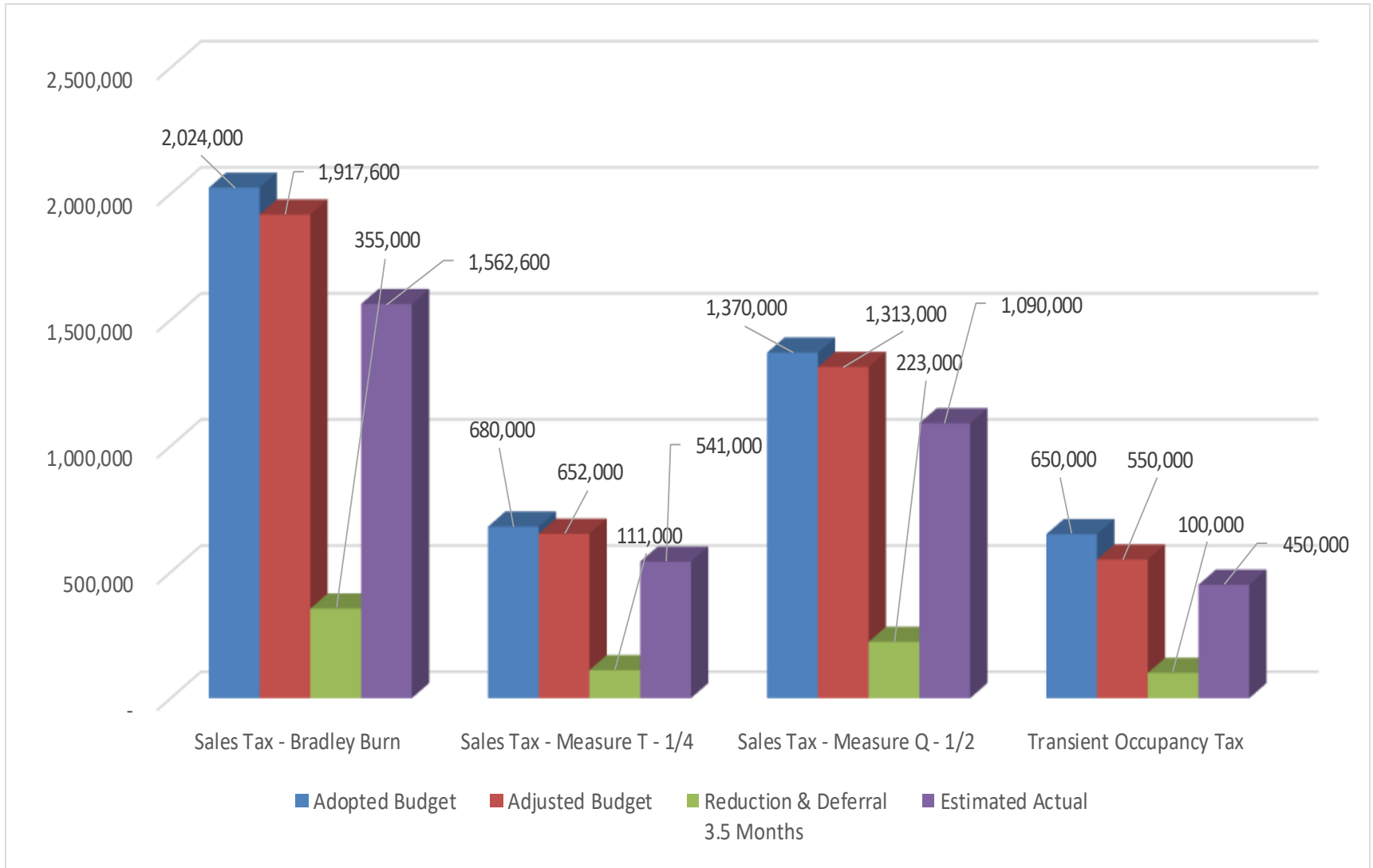


OVERALL BUDGET AT A GLANCE

Revenue	PRE-COVID Budget	POST-COVID Estimated Actual	\$ Reduction	% Reduction
Property Tax	\$ 2,700,205	\$ 2,700,200	\$ (5)	0.0%
Sales Tax	\$ 4,024,000	\$ 3,193,500	\$ (830,500)	-20.6%
Transient Occupancy Tax	\$ 650,000	\$ 550,000	\$ (100,000)	-15.4%
User Fees	\$ 1,452,700	\$ 1,527,500	\$ 74,800	5.1%
Other Revenue	\$ 2,308,800	\$ 2,353,900	\$ 45,100	2.0%
Total Revenue	\$ 11,135,705	\$ 10,325,100	\$ (810,605)	-7.3%



SALES TAX & TOT GRAPH



SALES TAX REDUCTION – BRADLEY BURN

Enter Expected Number of Months Duration of Impact (Begins March 2020)

<<< >>>
COVID-19 Reduction **COVID-19 Reduction**

Full Year	Categories	Full Year
417,444	General Retail	417,444
825,763	Food Products	825,763
296,976	Transportation	296,976
154,524	Construction	154,524
64,832	Business To Business	64,832
24,385	Miscellaneous	\$24,385
\$1,783,924	Annual (BMY 2019Q3 Gross)	\$1,783,924
\$371,651	/ 12 x Months Duration	\$520,311
Reductions		Reductions
(42,822)	General Retail	(59,950)
(75,933)	Food Products	(106,306)
(40,195)	Transportation	(56,272)
(19,849)	Construction	(27,789)
(3,377)	Business To Business	(4,727)
(200)	Miscellaneous	(280)
-\$182,376	Annual Gross 1% Sales Tax Impact	-\$255,324



SALES TAX REDUCTION – ADDS ON

1/2 CENT

1/4 CENT

Enter Expected Number of Months Duration of Impact (Begins March 2020)

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 COVID-19 Reduction COVID-19 Reduction

Full Year	Categories	Full Year
285,041	General Retail	285,041
385,363	Food Products	385,363
303,148	Transportation	303,148
123,357	Construction	123,357
120,848	Business To Business	120,848
89,434	Miscellaneous	\$89,434
\$1,307,192	Annual (BMY 2019Q3 Gross)	\$1,307,192
\$272,332	/ 12 x Months Duration	\$381,264
Reductions		Reductions
(36,422)	General Retail	(50,991)
(38,016)	Food Products	(53,222)
(24,920)	Transportation	(34,888)
(17,285)	Construction	(24,199)
(6,294)	Business To Business	(8,812)
(596)	Miscellaneous	(835)
-\$123,533	Annual Gross 1% Sales Tax Impact	-\$172,947

Enter Expected Number of Months Duration of Impact (Begins March 2020)

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 COVID-19 Reduction COVID-19 Reduction

Full Year	Categories	Full Year
141,033	General Retail	141,033
192,622	Food Products	192,622
151,729	Transportation	151,729
61,603	Construction	61,603
59,731	Business To Business	59,731
45,560	Miscellaneous	\$45,560
\$652,277	Annual (BMY 2019Q3 Gross)	\$652,277
\$135,891	/ 12 x Months Duration	\$190,248
Reductions		Reductions
(17,931)	General Retail	(25,104)
(19,008)	Food Products	(26,611)
(12,481)	Transportation	(17,473)
(8,630)	Construction	(12,082)
(3,111)	Business To Business	(4,355)
(325)	Miscellaneous	(455)
-\$61,486	Annual Gross 1% Sales Tax Impact	-\$86,080



General Fund - Revenue Budget at a Glance

Description	FY 18-19 Actual	FY 19-20 Adopted Budget	FY 19-20 Adjusted Budget	FY 19-20 Estimated Actual	\$ Inc/(Dec)	% Change
OPERATING REVENUE						
Property Taxes	\$2,660,677	\$2,475,380	\$2,661,205	\$2,661,200	\$ (5)	0.00%
Real Property Transfer	53,814	39,000	39,000	39,000	-	0.00%
Sales Tax	4,041,764	4,074,000	4,024,000	3,193,500	(830,500)	-20.64%
Use Tax	794,944	778,800	774,200	732,000	(42,200)	-5.45%
Transient Occupancy Tax	631,742	650,000	650,000	550,000	(100,000)	-15.38%
Franchise Fees	358,299	324,500	353,000	353,000	-	0.00%
Licenses and Permits	317,955	269,500	269,500	394,500	125,000	46.38%
Fines & Forfeitures	55,502	70,000	56,000	48,000	(8,000)	-14.29%
Intergovernmental	42,272	21,500	1,527,000	1,589,900	62,900	4.12%
Interest and Rents	228,552	90,496	210,400	210,400	-	0.00%
Charges for Current Services	229,252	177,100	158,100	151,100	(7,000)	-4.43%
Miscellaneous/Other Income	529,980	323,800	413,300	402,500	(10,800)	-2.61%
TOTAL	9,944,753	9,294,076	11,135,705	10,325,100	(810,605)	-7.28%



GENERAL FUND - EXPENDITURES BUDGET AT A GLANCE

Description	FY 18-19 Actual	FY 19-20 Adopted Budget	FY 19-20 Adjusted Budget	FY 19-20 Estimated Actual	\$ Inc/(Dec)	% Change
OPERATING EXPENDITURE						
City Council	\$214,052	\$231,218	\$256,085	\$243,690	\$ (12,395)	-4.84%
City Manager	165,112	181,380	225,232	229,332	4,100	1.82%
City Attorney	100,680	135,700	137,347	114,503	(22,844)	-16.63%
City Clerk	251,909	282,061	290,676	285,472	(5,204)	-1.79%
Finance	220,223	260,222	275,110	252,995	(22,115)	-8.04%
Planning	409,837	612,972	584,196	566,522	(17,674)	-3.03%
Building	191,021	238,136	292,411	197,469	(94,942)	-32.47%
Police Protection	3,880,735	4,259,975	4,317,076	4,302,000	(15,076)	-0.35%
Fire Protection	853,283	1,037,260	1,081,595	936,811	(144,784)	-13.39%
Public Works	1,009,693	1,182,046	1,286,936	1,122,091	(164,845)	-12.81%
Engineering / Storm Water	240,628	230,036	236,572	202,183	(34,389)	-14.54%
Sr. Cntr/SCCC / Ives Pool	471,056	457,230	643,960	626,080	(17,880)	-2.78%
Non Departmental	274,596	221,072	225,205	322,260	97,055	43.10%
TOTAL	8,282,825	9,329,308	9,852,401	9,401,408	(450,993)	-4.58%
OTHER SOURCES/(USES)						
Debt Service	204,671	203,713	203,713	203,713	-	0.00%
Other Uses	-	-	-	-	-	-
TOTAL	204,671	203,713	203,713	203,713	-	0.00%
TRANSFERS IN/(OUT)						
Transfers In	74	-	-	-	-	0.00%
Transfers Out	(2,857,719)	(1,100,000)	(1,654,000)	(1,654,000)	-	0.00%
TOTAL	(2,857,645)	(1,100,000)	(1,654,000)	(1,654,000)	-	0.00%
TOTAL OPERATING EXPENDITURES	11,345,215	10,633,021	11,710,114	11,259,121	(450,993)	-3.85%
Net General Fund Surplus/(Deficit)	(1,400,388)	(1,338,945)	(574,409)	(934,021)		
Beginning Unassigned Fund Balance	6,393,822	4,993,434	4,993,434	4,993,434		
Ending Unassigned Fund Balance	4,993,434	3,654,489	4,419,025	4,059,413		
RESERVE						
Policy Reserve Level (15%-20%)	2,269,043	2,126,604	2,342,023	2,251,824		
Actual Reserve Level	44.0%	34.4%	37.7%	36.1%		



GENERAL FUND – RESERVES

	City Unassigned Reserves			City Assigned Reserves @ 6/30/19 (Audited)		
	Adopted	Mid-Year	Estimated Year End	Buildings, Facilities & Infrastructure Reserve 103-00-00-2900	Equipment, Technology & Vehicle Replacement Reserve 104-00-00-2900	CalPERS Retirement & OPEB Reserves 105-00-00-2900
Beginning Balance @ 7/1/19	4,993,434	4,993,434	4,993,434	845,000	994,734	1,739,801
Proposed Assignment to CalPERS Reserve	(1,000,000) ^{a)}	(1,000,000) ^{a)}	(1,000,000)			1,000,000
Proposed Assignment to BFI Reserve	-	(466,000)	(466,000)	466,000		
Proposed Transfer out to Capital Projects	(100,000)	(188,000)	(188,000)			
Adopted FY19-20 Budget Addition/(Uses)	(238,945)		-	(435,100) ^{b)}	- ^{c)}	
Mid-Year FY19-20 Budget Addition/(Uses)	-	1,079,591	-			
Estimated FY19-20 Budget Addition/(Uses)	-	-	719,979			
Total Anticipated Reserve @ 6/30/20	3,654,489	4,419,025	4,059,413	875,900	994,734	2,739,801
Actual Reserve Level	34.4%	37.7%	36.1%	7.9%	9.0%	24.7%

Net Result
\$934K use of
reserve

- a) Funding for Stormwater projects
- b) Funding for one time non-routine deferred maintenance
- c) Suspend purchase of one motorcycle in the Police Department



WATER FUND

DESCRIPTION	FY 18-19 ACTUALS	FY 19-20 ADOPTED	FY 19-20 ADJUSTED	FY 19-20 ESTIMATED	\$ INC/(DEC)	% CHANGE
OPERATING REVENUE						
Charges for Services						
Residential	1,721,940	\$ 1,760,000	\$ 1,760,000	\$ 1,760,000	\$ -	0.00%
Commercial	469,000	468,000	468,000	468,000	-	0.00%
Other Income	51,618	37,000	37,000	37,000	-	0.00%
Interest Earnings	34,457	14,000	14,000	14,000	-	0.00%
TOTAL	\$ 2,277,015	\$ 2,279,000	\$ 2,279,000	\$ 2,279,000	\$ -	0.00%
OPERATING EXPENDITURES						
Salaries & Benefits	\$ 408,111	\$ 404,400	\$ 404,400	\$ 418,600	\$ 14,200	3.51%
Contracted Services	92,365	108,900	171,289	160,000	(11,289)	-6.59%
Services & Supplies	149,920	177,350	191,350	172,600	(18,750)	-9.80%
Training / Meetings / Travels	7,537	9,000	9,500	9,500	-	0.00%
Telecommunicatiatons	5,184	6,750	6,750	8,400	1,650	24.44%
Utilites	156,785	196,000	196,000	184,000	(12,000)	-6.12%
Allocated Insurance	36,289	46,200	62,620	62,620	-	0.00%
Capital Outlay	174,213	55,800	90,360	90,360	-	0.00%
Debt Service	182,950	261,438	261,438	261,438	-	0.00%
TOTAL	1,213,354	1,265,838	1,393,707	1,367,518	(26,189)	-1.88%
OTHER SOURCES/(USES)						
G & A Allocation - City Council	\$ 26,284	\$ 29,468	\$ 30,046	\$ 28,036	\$ (2,010)	-6.69%
G & A Allocation - City Manager	40,555	44,960	46,244	47,444	1,200	2.59%
G & A Allocation - City Attorney	5,472	7,375	7,465	6,223	(1,242)	-16.64%
G & A Allocation - City Clerk	21,602	25,794	26,605	26,247	(358)	-1.35%
G & A Allocation - Finance	334,974	381,834	409,046	375,432	(33,614)	-8.22%
G & A Allocation - Planning	21,998	26,593	27,690	25,643	(2,047)	-7.39%
G & A Allocation - Building	32,740	41,132	50,667	33,988	(16,679)	-32.92%
G & A Allocation - Engineering	96,816	106,998	112,846	108,069	(4,777)	-4.23%
G & A Allocation - Fire	61,452	75,891	78,475	68,059	(10,416)	-13.27%
G & A Allocation - PW Corp Yard	197,274	218,832	231,432	220,392	(11,040)	-4.77%
G & A Allocation - PW Govt Bldg	23,385	30,281	30,894	32,013	1,119	3.62%
G & A Allocation - Non Departmental	20,280	24,264	24,718	35,370	10,652	43.09%
TOTAL	882,832	1,013,422	1,076,128	1,006,916	(69,212)	-6.43%
TRANSFERS IN/(OUT)						
Transfers In		\$ -	\$ -	\$ -	\$ -	0.00%
Transfers Out	(119,266)	(45,000)	(55,000)	(55,000)	\$ -	0.00%
TOTAL	\$ (119,266)	\$ (45,000)	\$ (55,000)	\$ (55,000)	\$ -	0.00%
TOTAL OPERATING EXPENDITURES	2,215,452	2,324,260	2,524,835	2,429,434	\$ (95,401)	-4.10%
Net Surplus/(Deficit)	61,563	(45,260)	(245,835)	(150,434)		
Beginning Unrestricted Net Position	2,177,846	2,177,846	2,177,846	2,132,586		
Ending Unrestricted Net Position	\$ 2,239,409	\$ 2,132,586	\$ 1,932,011	\$ 1,982,152		
RESERVE						
Policy Reserve Level (25%)	553,863	581,065	631,209	607,359		
Actual Reserve Level	101%	92%	77%	82%		



WASTEWATER FUND

DESCRIPTION	FY 18-19 ACTUALS	FY 19-20 ADOPTED	FY 19-20 ADJUSTED	FY 19-20 ESTIMATED	\$ INC/(DEC)	% CHANGE
OPERATING REVENUE						
Charges for Services	\$ 3,072,439	\$ 3,015,000	\$ 3,015,000	\$ 3,015,000	\$ -	0.0%
Other Income	12,518	13,000	13,000	13,000	-	0.0%
Interest Earnings	55,640	10,000	10,000	10,000	-	0.0%
TOTAL	\$ 3,140,597	\$ 3,038,000	\$ 3,038,000	\$ 3,038,000	-	0.0%
OPERATING EXPENSES						
Salaries & Benefits	\$ 238,287	\$ 272,200	\$ 272,200	\$ 249,145	\$ (23,055)	-8.5%
Contracted Services	63,370	63,850	150,239	135,000	(15,239)	-10.1%
Subregional Expense	1,674,414	1,621,200	1,621,200	1,621,200	-	0.0%
Services & Supplies	50,010	78,000	92,000	87,000	(5,000)	-5.4%
Training / Meetings / Travels	8,389	11,500	11,500	11,500	-	0.0%
Telecommunicatons	1,769	3,750	3,750	3,800	50	1.3%
Utilites	39,146	57,200	57,200	57,200	-	0.0%
Allocated Insurance	23,608	31,900	35,850	35,850	-	0.0%
Capital Outlay	28,974	46,400	72,400	72,400	-	0.0%
Debt Service	90,117	91,110	91,110	91,110	-	0.0%
TOTAL	2,218,084	2,277,110	2,407,449	2,364,205	(43,244)	-1.8%
OTHER SOURCES/(USES)						
G & A Allocation - City Council	\$ 30,664	\$ 34,379	\$ 35,054	\$ 32,709	\$ (2,345)	-6.7%
G & A Allocation - City Manager	40,555	44,960	46,244	47,444	1,200	2.6%
G & A Allocation - City Attorney	3,282	4,425	4,479	3,734	(745)	-16.6%
G & A Allocation - City Clerk	18,901	22,570	23,279	22,966	(313)	-1.3%
G & A Allocation - Finance	325,976	371,785	398,282	365,552	(32,730)	-8.2%
G & A Allocation - Planning	13,187	15,956	16,614	15,386	(1,228)	-7.4%
G & A Allocation - Building	32,740	41,132	50,667	33,988	(16,679)	-32.9%
G & A Allocation - Engineering	79,732	88,116	92,932	88,998	(3,934)	-4.2%
G & A Allocation - PW Corp Yard	143,848	159,565	168,753	160,703	(8,050)	-4.8%
G & A Allocation - PW Govt Bldg	23,385	30,281	30,894	32,013	1,119	3.6%
G & A Allocation - Non Departmental	20,280	24,264	24,718	35,370	10,652	43.1%
TOTAL	\$ 732,550	\$ 837,433	\$ 891,916	\$ 838,863	\$ (53,053)	-5.9%
TRANSFERS IN/(OUT)						
Transfers In		\$ -	\$ -	\$ -	\$ -	0.0%
Transfers Out	(206,995)	(45,000)	(45,000)	(45,000)	-	0.0%
TOTAL	\$ (206,995)	\$ (45,000)	\$ (45,000)	\$ (45,000)	-	0.0%
TOTAL OPERATING EXPENDITURES	\$ 3,157,629	\$ 3,159,543	\$ 3,344,365	\$ 3,248,068	\$ (96,297)	
Net Surplus/(Deficit)	(17,032)	(121,543)	(306,365)	(210,068)		
Beginning Unrestricted Net Position	1,908,496	1,891,464	1,891,464	1,891,464		
Ending Unrestricted Net Position	1,891,464	1,769,921	1,585,099	1,681,396		
RESERVE						
Policy Reserve Level (25%)	\$ 789,407	\$ 789,886	\$ 836,091	\$ 812,017		
Actual Reserve Level	60%	56%	47%	52%		



Solvency Measurement

- Cash solvency** — ability to meet immediate financial obligations, i.e. over the next 30-60 days (payroll, pension medical, accounts payable)
- Budgetary solvency** — ability to meet all financial obligations during a budget year
- Long-run solvency** — ability to meet all financial obligations into the future
- Service level solvency** — ability to provide the desired level of services for the general health and welfare of the community



Options for the City Council Deliberation

1. Accept and consider updated actual projections for fiscal year 2019-20 (FY20).
2. Attempting to prepare the operating budget within the “normal” calendar with limited information available, conduct public hearings and approve budget by June 30 ,2020.
3. Adopting a “carryover” budget for FY20-21with modification with detailed review in September.

Plan for the worse case – Don't wait for the worst case
Governments are in the business to managing risk, not taking risk



CITY COUNCIL DISCUSSION

